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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS:

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KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
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AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF:

DOCKET NO. S-20600A-08-0340

MARK W. BOSWORTH and LISA A.
BOSWORTH, husband and wife;

STEPHEN G. VAN CAMPEN and DIANE V.
VAN CAMPEN, husband and wife;

MICHAEL J. SARGENT and PEGGY L.
SARGENT, husband and wife;

ROBERT BORNHOLDT and JANE DOE
BORNHOLDT, husband and wife;

MARK BOSWORTH & ASSOCIATES, LLC,
an Arizona limited liability company;

3 GRINGOS MEXICAN INVESTMENTS, LLC,
an Arizona limited liability company;

Respondents.

Arizona Corporation Commission

DOCKETED

AUG 21 2009

DOCKETED BY

NINTH
PROCEDURAL ORDER

BY THE COMMISSION:

On July 3, 2008, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Notice of Opportunity for Hearing ("Notice") against Mark W. Bosworth and Lisa A. Bosworth, husband and wife; Stephen G. Van Campen and Diane V. Van Campen, husband and wife; Michael J. Sargent and Peggy L. Sargent, husband and wife; Robert Bornholdt and Jane Doe Bornholdt, husband and wife; Mark Bosworth & Associates, LLC ("MBA"); and 3 Gringos Mexican Investments, LLC ("3GMI") (collectively "Respondents"), in which the Division alleged multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of notes and investment contracts.

Respondents were duly served with copies of the Notice. Requests for hearing were filed by

1 all Respondents except 3GMI. Subsequently, Answers were filed by all Respondents.¹

2 On August 6, 2008, by Procedural Order, a pre-hearing conference was scheduled for
3 September 18, 2008.

4 On August 15, 2008, Respondents the Sargent Respondents filed a 12(b)(6) Motion to
5 Dismiss the Alleged Violations of A.R.S. § 44-1991 ("Motion to Dismiss").

6 On August 21, 2008, the Sargent Respondents filed a Motion to Stay and requested oral
7 argument on the Motion ("Motion to Stay").²

8 On August 28, 2008, the Division filed a Motion to Extend Due Date for Response to the
9 Sargent Respondents' 12(b)(6) Motion to Dismiss the Alleged Violations of A.R.S. § 44-1991.

10 On August 28, 2008, the Van Campen Respondents filed Joinder to the Sargent Respondents'
11 Motion to Stay and also filed a Motion to Quash Subpoena.

12 On September 5, 2008, the Division filed its Response to the Motion to Dismiss and also filed
13 its Response to the Motion to Stay.

14 On September 9, 2008, the Sargent Respondents filed a Notice of Intent to File Reply Briefs
15 in Support of their (1) Motion to Stay and (2) 12(b)(6) Motion to Dismiss.

16 On September 11, 2008, the Division filed its Response the Van Campen Respondents'
17 Motion to Quash Subpoena and also filed its Response to the Joinder of the Van Campen
18 Respondents in the Sargent Respondents' Motion to Stay Proceedings.

19 On September 12, 2008, a Procedural Order was issued stating that due to the unavailability
20 of the Administrative Law Judge ("ALJ") assigned to hear this matter, that no substantive motions
21 would be heard at the September 18, 2008, pre-hearing conference, but at that time, discussions
22 would be held to schedule a subsequent pre-hearing conference to address the motions filed in this
23 matter.

24 On September 17, 2008, the Sargent Respondents filed their Reply in Support of Motion to
25 Stay and request for oral argument. Additionally, the Sargent Respondents filed their Reply in

26

27 ¹ The Bosworth Respondents filed a joint Answer with MBA and 3GMI. Mr. Bosworth signed the Answer individually
and as the managing member of MBA and as a member of 3GMI.

28 ² On February 24, 2009, the Sargent Respondents made an additional filing in support of their Motion to Stay arguing
issues related to a subpoena to the Custodian of Records of 3GMI.

1 Support of the 12(b)(6) Motion to Dismiss.

2 On September 18, 2008, the pre-hearing conference was held as scheduled. Respondents and
3 the Division appeared through counsel, and dates for the purpose of resetting the pre-hearing
4 conference were discussed. During the discussions, counsel for the Securities Division informed the
5 ALJ that Attorney David Farney was to represent the Bosworth Respondents. Mr. Farney had not
6 filed Notice of Appearance in this docket on behalf of his clients.

7 On September 22, 2008, by Procedural Order, the pre-hearing conference was re-scheduled
8 for October 17, 2008, and Mr. Farney was directed to file a Notice of Appearance.

9 On October 1, 2008, the Van Campsen Respondents filed their Answer to the Division's
10 Notice.

11 On October 2, 2008, Mr. Farney filed a Notice of Appearance on behalf of the Bosworth and
12 MBA Respondents.

13 On October 17, 2008, at the pre-hearing conference, the Division and Respondents appeared
14 through counsel. Mr. Bosworth was also present. Mr. Farney indicated that he was awaiting
15 approval of a Bankruptcy Court judge in a proceeding involving his clients to confirm his retention
16 by the court and that after the court's confirmation approving his retention he would file his clients'
17 Answer(s). Certain of the parties indicated that there are ongoing discussions with the Division to
18 resolve issues raised in the Notice. Additionally, Mr. Bosworth indicated that some form of response
19 might be entered on behalf of 3GMI. It was also disclosed that no indictments of any of the
20 Respondents had yet been issued. Rulings on the various pending motions were held in abeyance to
21 await the filing of the Answer(s) by Mr. Farney on behalf of his clients and the possible response by
22 3GMI after which time another pre-hearing conference would be held to address these matters.

23 On October 20, 2008, by Procedural Order, a pre-hearing conference was scheduled on
24 December 15, 2008, to address pending motions and the status of the proceeding.

25 On December 15, 2008, the Division and the Respondents who had requested hearings
26 appeared through counsel. There was no response filed on behalf of 3GMI. Mr. Farney had not been
27 approved by the Bankruptcy Court to represent the Bosworths and, as a result, he had delayed the
28 filing of the Answer(s) on behalf of his clients. Additionally, there had been no indictments of any of

1 the named Respondents and pending motions were being held in abeyance. The parties agreed to a
2 further status conference being scheduled in early 2009. By Procedural Order, a status conference
3 was scheduled for February 5, 2009.

4 On January 26, 2009, counsel for the Bosworth Respondents and MBA filed a Motion to
5 Withdraw as Attorney of Record pursuant to E.R. 1.16(b), and certified that his clients had been
6 notified of the status of the proceeding and any pending scheduled proceedings.

7 On January 27, 2009, by Procedural Order, the Motion to Withdraw as Attorney of Record for
8 the Bosworth Respondents and MBA was granted.

9 On March 10, 2009, the Division filed a response to the Sargent Respondents' filing in
10 support of their earlier filing of the Motion to Stay.

11 On March 17, 2009, the Sargent Respondents filed a Motion to Quash Subpoena with respect
12 to a subpoena sent by certified mail to the "Custodian of Records" of 3GMI.

13 On March 24, 2009, the Sargent Respondents filed a reply to the Division's March 10, 2009,
14 response pointing out that the Division was seeking information on 21 entities other than 3GMI and
15 further argued Mr. Sargent was not the "Custodian of Records" of 3GMI.

16 On March 31, 2009, the Division filed its response to the Sargent Respondents' Motion to
17 Quash Subpoena citing substantial reasons why the motion should be denied.

18 On June 18, 2009, the Division filed a Motion to Set Hearing.

19 On July 7, 2009, the Sargent Respondents filed a response to the Division's Motion to Set
20 Hearing. Therein, the Sargent Respondents argued that the proceeding was not ready for hearing
21 primarily related to the underlying issue whether the Commission's administrative proceeding should
22 go forward as was argued in all prior Motions to Quash or Stay due to the possible prosecution to one
23 or more of the Respondents in an as yet unfiled criminal proceeding.

24 On July 30, 2009, by Procedural Order, it was found that there was no reasonable basis to
25 delay the proceeding further and, accordingly, a status conference was scheduled to determine a
26 hearing schedule on August 18, 2009. Additionally, the following was ordered: that the Motion to
27 Dismiss filed on August 15, 2008, by the Sargent Respondents would be taken under advisement; that
28 the Motion to Stay filed on August 21, 2008, by the Sargent Respondents was denied; that the Motion

1 to Quash and the Joinder in the Motion to Stay filed on August 28, 2008, by the Van Campen
2 Respondents was denied; and that the Motion to Quash filed on March 17, 2009, by the Sargent
3 Respondents was denied.

4 On August 18, 2009, at the status conference, the Division, the Van Campen Respondents,
5 and the Sargent Respondents were present with counsel. Mr. Bosworth was present on his own
6 behalf and indicated Mrs. Bosworth would be retaining her own attorney. Counsel for the Division
7 indicated that the Bornholdt Respondents' counsel would not be present because they are attempting
8 to resolve the issues raised in the Notice. After a discussion between the parties, it was determined
9 that a hearing should be scheduled in approximately six months.

10 Accordingly, a hearing should be scheduled on the issues raised in the Notice.

11 IT IS THEREFORE ORDERED that a **hearing** shall be held on **March 15, 2010, at**
12 **10:00 a.m.** at the Commission's offices, 1200 West Washington Street, Hearing Room 1, Phoenix,
13 Arizona.

14 IT IS FURTHER ORDERED that the parties shall also **reserve March 16, 17, 18, 19, 22, 23,**
15 **24, 25 and 26, 2010, for additional days of hearing,** if necessary.

16 IT IS FURTHER ORDERED that the **Division shall provide copies of its Witness List and**
17 **copies of its Exhibits to the Respondents by November 19, 2009,** with courtesy copies provided to
18 the presiding Administrative Law Judge.

19 IT IS FURTHER ORDERED that the **Respondents shall provide copies of their Witness**
20 **Lists and copies of their Exhibits to the Division by January 18, 2010,** with courtesy copies
21 provided to the presiding Administrative Law Judge.

22 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 – Unauthorized
23 Communications) is in effect and shall remain in effect until the Commission's Decision in this
24 matter is final and non-appealable.

25 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
26 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*
27 *hac vice*.

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IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation to appear at all hearings and procedural conferences, as well as all Open Meetings for which the matter is scheduled for discussion, unless counsel has previously been granted permission to withdraw by the Administrative Law Judge or the Commission.

IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

Dated this 21ST day of August, 2009.



MARC E. STERN
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing were mailed/delivered this 21ST day of August, 2009 to:

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By:


Debra Broyles
Secretary to Marc E. Stern